

**SALES AND USE TAX REVIEW COMMISSION
RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

BILL NUMBER:

S-1617

DATE OF INTRODUCTION:

May 5, 2008

SPONSOR:

Senator Allen

DATE OF RECOMMENDATION:

June 12, 2008

IDENTICAL BILL:

COMMITTEE:

Senate Environment Committee

DESCRIPTION:

The Bill provides an exemption of the purchase of materials and labor used to convert traditional motor vehicles into plug-in electric hybrid motor vehicles.

ANALYSIS:

This Bill proposes to amend the Sales and Use Tax Act (N.J.S.A. 54:32B-1 et. seq.) to provide for an exemption for purchases relating to the conversion of traditional motor vehicles into plug-in hybrid electric motor vehicles. The exemption would apply to the purchased of batteries, electronic equipment and conversion services.

A sales tax exemption for these conversion purchases could open the door for similar tax exemptions on devices the use of which may also be viewed to have a favorable environmental impact. Generally, the Commission does not support the use of tax policy as a means of influencing consumers' purchasing decisions and other behavior, even though the behaviors promoted might be beneficial to the State.

RECOMMENDATION:

The Commission does not recommends enactment of this Bill.

COMMISSION MEMBERS FOR PROPOSAL: 0

COMMISSION MEMBERS AGAINST PROPOSAL: 4

COMMISSION MEMBERS ABSTAINING: 1